

# **EXHIBIT A**

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10 UNITED STATES DISTRICT COURT  
11 NORTHERN DISTRICT OF CALIFORNIA  
12 SAN JOSE DIVISION

13  
14 SECURITIES AND EXCHANGE COMMISSION,

15 Plaintiff,

16 v.

17 MAXIM INTEGRATED PRODUCTS, INC. and  
18 JOHN F. GIFFORD,

19 Defendants.

CV 07

6121

COMPLAINT

20 Plaintiff Securities and Exchange Commission (the "Commission") alleges:

21 **SUMMARY OF THE ACTION**

22 1. From at least 2000 through 2005, Maxim Integrated Products, Inc. ("Maxim" or the  
23 "Company"), a Sunnyvale, California semiconductor company, engaged in a scheme to illegally  
24 backdate stock options granted to Maxim employees and directors, concealing millions of dollars in  
25 expenses from investors and significantly overstating the Company's income. Defendant John F.  
26 Gifford, Maxim's former Chief Executive Officer, was aware of instances of backdating, and should  
27 have known that the Company did not properly account for or accurately disclose its resulting stock  
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1 option compensation expenses.

2       2. Under well-settled accounting principles in effect during the relevant period, Maxim  
3 did not need to record an expense for options granted to employees with an exercise price equal to the  
4 current market price ("at-the-money"), while the Company was required to record an expense in its  
5 financial statements for any options granted with an exercise price below the current market price  
6 ("in-the-money"). In order to provide Maxim's employees and outside directors with valuable "in-  
7 the-money" options without recording an expense, Maxim routinely backdated stock options to dates  
8 corresponding to historical lows in Maxim's stock price, and falsified records to make it appear as  
9 though the options were granted "at-the-money." For ten consecutive quarters, from the second  
10 quarter of fiscal year 2002 to the fourth quarter of fiscal year 2004, Maxim granted options to current  
11 employees with an exercise price equal to the lowest price of the quarter. Maxim then fraudulently  
12 failed to record compensation expenses for those options, thus overstating its income by millions of  
13 dollars and falsely representing in certain filings that it had incurred no expense for option grants.

14       3. Gifford several times authorized the granting of options on purported dates that had  
15 been selected with hindsight, which resulted in the issuance of undisclosed "in-the-money" options to  
16 Maxim employees and directors. Gifford was aware there were accounting implications for granting  
17 "in-the-money" options. He instructed other Maxim executives to record compensation expenses if  
18 they were material and/or consult with Maxim's outside auditors. Gifford should have known that  
19 the Company was failing to report expenses for these "in-the-money" stock options and was falsely  
20 reporting that it only granted options at fair market value.

21       4. The Commission seeks an order enjoining Maxim and Gifford from future violations  
22 of the securities laws, requiring Gifford to pay disgorgement with prejudgment interest, requiring  
23 Gifford to pay a civil monetary penalty, and providing other appropriate relief.

24               **JURISDICTION, VENUE, AND INTRADISTRICT ASSIGNMENT**

25       5. The Commission brings this action pursuant to Sections 20(b) and 20(d) of the  
26 Securities Act of 1933 ("Securities Act") [15 U.S.C. §§ 77t(b) and 77t(d)] and Sections 21(d) and  
27 21(e) of the Securities Exchange Act of 1934 ("Exchange Act") [15 U.S.C. §§ 78u(d) and 78u(e)].  
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6. This Court has jurisdiction over this action pursuant to Sections 20(b) and 22(a) of the Securities Act [15 U.S.C. §§ 77t(b) and 77v(a)] and Sections 21(d), 21(e), and 27 of the Exchange Act [15 U.S.C. §§ 78u(d), 78u(e), and 78aa].

7. Venue is proper in this district pursuant to Section 22 of the Securities Act [15 U.S.C. § 77v] and Section 27 of the Exchange Act [15 U.S.C. § 78aa]. Maxim's principal place of business is in the Northern District of California. Gifford resides in the Northern District of California. Acts or transactions constituting violations of the federal securities laws occurred in this district.

8. Assignment to the San Jose Division is appropriate pursuant to Civil Local Rules 3-2(c) and 3-2(d) because acts and omissions giving rise to the Commission's claims occurred, among other places in this district, in Santa Clara County.

#### DEFENDANTS

9. Maxim is a Sunnyvale, California corporation that makes integrated circuits. At all relevant times, Maxim's common stock was registered with the Commission pursuant to Section 12(g) of the Exchange Act and traded on the NASDAQ National Market under the symbol "MXIM." At all times relevant to this action, Maxim used a fiscal year that ended on the last Saturday of June.

10. John F. Gifford, age 67, resides in Menlo Park, California. Gifford served as Maxim's President, Chief Executive Officer, and Chairman of the Board from April 1983 through December 2006.

#### FACTUAL ALLEGATIONS

##### **A. Maxim Used Stock Options Liberally To Recruit And Retain Employees.**

11. During the relevant period, Maxim regularly used employee stock options as a form of compensation to recruit, retain, and incentivize key employees. Maxim also used stock options to compensate members of its Board of Directors. Each option gave the grantee the right to buy Maxim common stock from the Company at a set price, called the "exercise" or "strike" price, on a future date after the option vested. The option was "in-the-money" when granted if the trading price of Maxim common stock on the date of the grant exceeded the option's exercise price. The option was

1 "at-the-money" when granted if the trading price of Maxim's common stock on the date of the grant  
2 and the exercise price were the same.

3 12. Stock options were the most important part of Maxim's compensation mix. Maxim  
4 generally paid its officers and technical employees lower salaries than its peers; it competed against  
5 other companies for employees by offering the potential gains provided by stock options. Maxim's  
6 ability to recruit and retain the engineers who designed and produced its new products was closely  
7 tied to its stock option program. In addition, Maxim attributed its earnings growth and positive  
8 stockholder returns in part to its option practices. The Company repeatedly emphasized these facts in  
9 communications with its shareholders.

10 13. Maxim granted options to almost all new employees when they were hired. Maxim  
11 also granted employees additional options every year as part of their annual performance review.  
12 Because it granted so many options, Maxim had to ask shareholders to approve increases in the  
13 number of shares available for issuance under its primary stock option plan every year from 1999  
14 through 2005.

15 14. Maxim's primary stock option plan authorized it to grant both "incentive" stock  
16 options and "non-qualified" stock options. Maxim's plan defined an incentive stock option as an  
17 option intended to qualify as an incentive stock option within the meaning of certain provisions of the  
18 Internal Revenue Code. Maxim's plan defined a "non-qualified" option as any option not intended to  
19 qualify as an incentive stock option.

20 **B. Maxim Told The Public It Granted Stock Options At Fair Market Value.**

21 15. From at least 2000 and continuing through June 30, 2004, Maxim's primary stock  
22 option plan prohibited it from granting incentive stock options with an exercise price less than the  
23 stock's fair market value on the date of grant. In other words, the plan did not allow incentive stock  
24 options to be granted "in-the-money."

25 16. During the same time period, Maxim's primary stock option plan allowed some  
26 flexibility in granting non-qualified stock options with an exercise price less than the stock's fair  
27 market value on the date of grant, but only subject to certain conditions not applicable here.

28

1           17. Under Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to  
2 Employees" ("APB 25") and the accounting rules in effect from 1997 through 2005, issuers were  
3 required to record an expense on their financial statements for the "in-the-money" portion of any  
4 option grant. According to APB 25, that difference must be recorded as a compensation expense to  
5 be recognized over the vesting period of the option. Consequently, granting "in-the-money" options  
6 to employees could have a significant impact on the expenses and income (or loss) reported to the  
7 shareholders of a public company. APB 25 allowed companies, where the key terms of an option  
8 grant were known, to grant employee stock options without recording any compensation expense so  
9 long as the option exercise price was not below the stock's market price on the date of the grant.

10           18. Maxim publicly reported, in its annual reports on Form 10-K for fiscal years 2000  
11 through 2005, that the Company accounted for its employee stock options in accordance with APB  
12 25. Additionally, during the relevant time period, Maxim represented that the Company generally  
13 granted options "at-the-money," not "in-the-money." Hence, in its annual reports for fiscal years  
14 2000 through 2005, Maxim did not report any compensation expenses for stock options.

15           **C. Maxim Backdated Employee And Director Option Grants.**

16           19. Maxim's primary stock option plan provided that it was to be administered by the  
17 Board of Directors or a committee designated by the Board. The Board had the ability to select  
18 employees, directors, and consultants to whom options would be granted, to determine the number of  
19 shares to be covered by each option, and to determine the terms and conditions of any option granted  
20 under the plan.

21           20. Maxim's Board delegated to Gifford the authority to grant stock options to non-officer  
22 employees as well as to outside directors. From at least 1999 and continuing through at least  
23 Maxim's 2004 fiscal year, Gifford approved all option grants made to non-officer employees and  
24 outside directors.

25           21. Maxim repeatedly backdated option grants made to current employees, to newly hired  
26 employees, and to outside directors. These backdated grants reflected historically low prices of  
27 Maxim stock for the weeks prior to the date on which the price actually was selected. For ten  
28 consecutive quarters, from the second quarter of fiscal year 2002 to the fourth quarter of fiscal year

1 2004, Maxim granted options to current employees with an exercise price equal to the lowest price of  
2 the quarter. By backdating the option grants to make it falsely appear that “in-the-money” option  
3 grants had been “at-the-money” when granted, Maxim avoided reporting in its financial statements  
4 compensation expenses for the options.

5 **a. Maxim’s Option Grants To Employees**

6 22. During the relevant time period, Maxim granted options to current employees on a  
7 quarterly basis. Each quarter, Maxim’s managers proposed to Gifford the number of options to be  
8 granted to employees whose annual performance reviews fell within that quarter. Gifford either  
9 approved, or first revised and then approved, the number of proposed options for each employee.  
10 Maxim’s stock administration department accumulated the employee options approved by Gifford  
11 until it learned the grant date for those options.

12 23. Gifford approved the grant date and price for some options awarded to current  
13 employees. The grant date then was communicated to Maxim’s stock administration department so  
14 that the grants could be recorded in Maxim’s books and records.

15 24. A number of grant dates used for options awarded to Maxim’s current employees were  
16 selected with hindsight. This allowed Maxim to select the lowest possible price for the options. No  
17 compensation expenses were recorded for the undisclosed “in-the-money” option grants to current  
18 employees.

19 25. During the relevant time period, Maxim also granted options to new hires on a  
20 quarterly basis. Similar to the current employee grants, Gifford approved the number of options to be  
21 granted to new hires. Maxim’s stock administration department accumulated the options approved by  
22 Gifford until it learned the applicable grant date.

23 26. As with stock options awarded to current employees, grant dates used for options  
24 awarded to new hires were selected with hindsight. Maxim determined the grant dates by  
25 determining a date with a low stock price for the quarter after the date on which the employee was  
26 hired. No compensation expenses were recorded for the undisclosed “in-the-money” grants to new  
27 hires.

1           27. In connection with certain grants to current employees and new hires, Gifford signed  
2 backdated memoranda (drafted by Maxim's Chief Financial Officer and, at times, other Maxim  
3 employees) indicating that he had selected the grant date on the dates indicated in the memoranda.  
4 One of the purposes of the grant approval memoranda was to serve as an audit trail and make it  
5 appear as though the options had been granted at the market price on the earlier date. Gifford signed  
6 these memoranda and similar documents without making any effort to confirm that they accurately  
7 reflected the actual date on which the selection of the grant date in fact had been made. These  
8 memoranda did not accurately reflect the dates on which decisions were made to grant options.

9           28. With respect to at least four backdated option grants, Gifford in writing instructed  
10 Maxim's CFO to record compensation expenses. But no compensation expenses were recorded.

11                   **b. Examples Of Maxim's Backdated Employee Options**

12           29. Maxim purportedly granted approximately 2.7 million options to employees on June  
13 30, 2003, with an exercise price equal to that day's closing stock price of \$34.10. This was Maxim's  
14 lowest stock price of the quarter. In reality, the grant was not made until on or around August 26,  
15 2003, when the stock was trading at \$43.26. On or around August 22, 2003, Gifford asked Maxim's  
16 CFO: "What is the lowest price we can use for Q1 options?" The CFO responded: "The best price is  
17 the first day of the quarter – June 30, 2003. The price was \$34.10 on that date." Gifford approved  
18 the grant using the June 30th price, but also instructed the CFO to record a compensation expense if it  
19 was material. Although the options were "in-the-money" when granted, Maxim failed to record  
20 compensation expenses for the options.

21           30. In another example, Maxim purportedly granted 2.4 million options to certain  
22 employees on October 2, 2001, with an exercise price equal to that day's closing stock price of  
23 \$33.40. This was Maxim's lowest stock price of the quarter. In reality, the grant was not made until  
24 on or around December 28, 2001, when the stock was trading at \$54.61. On or around December 28,  
25 Maxim's CFO proposed to Gifford that Maxim use October 2 as the grant date for options awarded to  
26 certain current employees, and November 28 and December 24 for options awarded to certain new  
27 hires (depending on their hire date). Maxim used the dates suggested by its CFO to grant options.

1 Although the options were in-the-money when granted, Maxim failed to record compensation  
2 expenses for the options.

3 31. Additionally, Maxim purportedly granted 3.2 million options to existing employees on  
4 September 30, 2003, with an exercise price equal to that day's closing stock price of \$39.39. This  
5 was Maxim's lowest stock price of the quarter. In reality, the grant was not made until significantly  
6 later in the quarter. Maxim's stock administration department did not learn about the grant date until  
7 on or about November 25, 2003, when Maxim's stock was trading at \$51.47. Gifford later signed a  
8 memorandum (drafted by another Maxim employee) dated September 30, 2003, that stated: "I have  
9 granted options today for all existing employees for this quarter, and for new hires up through this  
10 date – the stock closed at \$39.39." Although the options were "in-the-money" when granted, Maxim  
11 failed to record compensation expenses for the options.

12 32. Maxim purportedly granted options to new employees hired after February 28, 2002  
13 on March 25, 2002, with an exercise price equal to the March 25th closing stock price of \$51.81. In  
14 reality, these grants were not made until sometime in late April 2002, after the quarter had ended. On  
15 or about April 22, Maxim's CFO asked Gifford to sign a grant approval memorandum dated March  
16 25, 2002, to "keep [Maxim's] documentation and records straight." Gifford signed the memorandum,  
17 which stated: "I want you to make sure that any new hire who started at Maxim between March 1,  
18 2002 and today has their stock granted at today's closing price of \$51.81." Maxim's stock  
19 administration department did not learn of the supposed March 25th grant date until on or about April  
20 24, 2002.

21 **c. Maxim's Option Grants To Outside Directors**

22 33. Maxim also backdated certain stock option grants to its outside directors. For  
23 example, Maxim purportedly granted the directors 36,000 options on October 1, 2001, at an exercise  
24 price equal to that day's closing stock price of \$34.06. This grant was not actually made until on or  
25 around December 11, 2001, when Maxim's stock was trading at \$57.90. In or around December  
26 2001, Maxim's CFO proposed to Gifford a range of historical dates for the outside director grants.  
27 On or around December 11, Gifford approved using a grant date of October 1, 2001, but also in  
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1 writing instructed the CFO to record an expense if it was material. Gifford later signed meeting  
2 minutes stating that he held a meeting on October 1, 2001, and granted options at the fair market  
3 value on that date. Although the options were "in-the-money" when granted, Maxim failed to record  
4 compensation expenses for the options.

5 **d. Maxim Executives Understood The Implications Of Backdating**

6 34. Gifford understood there were accounting implications for awarding "in-the-money"  
7 options. Indeed, Gifford told Maxim employees that Maxim's stock option program helped Maxim's  
8 bottom line because "an option granted at fair market value does not result in expense for profit &  
9 loss purposes, so profit is increased."

10 35. Maxim's CFO also understood the accounting implications of awarding "in-the-  
11 money" options. For example, he warned Gifford in writing that Maxim should record a  
12 compensation expense where it contemplated giving one employee a retroactively-priced option but  
13 noted that "for one person, we will just get it done."

14 36. Gifford instructed Maxim's CFO on several occasions to record a compensation  
15 expense for option grants, demonstrating familiarity with stock option accounting principles. In one  
16 handwritten note to the CFO, Gifford stated: "I would like to use [a price from eight weeks ago] for  
17 our employees but we will have to expense the difference if it is material."

18 **D. As A Result Of The Backdating, Maxim Publicly Reported False And Misleading**  
19 **Financial Information.**

20 37. Maxim is a public company. Accordingly, it filed with the Commission annual reports  
21 on Form 10-K for the fiscal years ended June 24, 2000 (filed September 22, 2000), June 30, 2001  
22 (filed September 24, 2001), June 29, 2002 (filed September 25, 2002), June 28, 2003 (filed  
23 September 22, 2003), June 26, 2004 (filed September 9, 2004), and June 25, 2005 (filed September 8,  
24 2005) which included audited financial statements that were certified by the Company's outside  
25 auditors.

26 38. Both Gifford and Maxim's CFO reviewed Maxim's annual reports filed on Forms 10-  
27 K before they were filed with the Commission for its 2000 through 2005 fiscal years. In connection  
28 with Maxim's 2003, 2004, and 2005 annual reports, Gifford and Maxim's CFO signed certifications

1 stating that they had reviewed the annual reports and that the annual reports did not contain any  
2 untrue statements of a material fact or omit to state a material fact necessary to make the statements  
3 made, in light of the circumstances under which such statements were made, not misleading.

4 39. In the notes to its audited financial statements, which were included in its annual  
5 reports for fiscal years 2000 through 2005, Maxim affirmatively stated that the Company accounted  
6 for its employee stock option plans in accordance with APB 25. Additionally, in its annual reports  
7 for fiscal years 2000 through 2003, Maxim stated that under the Company's stock option plans,  
8 options generally were granted at prices not less than the fair market value of the Company's common  
9 stock on the grant date. Maxim's annual reports for fiscal years 2004 and 2005 stated that options  
10 were granted at prices not less than the fair market value of the Company's common stock on the  
11 grant date. In its annual report for fiscal year 2004, Maxim stated affirmatively that it was not  
12 required to record compensation expenses in connection with stock option grants to employees.  
13 Maxim knew or was reckless in not knowing that these statements were false and misleading, because  
14 Maxim was aware it granted "in-the-money" options but concealed them through the use of  
15 backdating.

16 40. In its financial statements accompanying its annual reports, Maxim failed to record  
17 compensation expenses in connection with the backdated, "in-the-money" option grants. It was  
18 aware it granted "in-the-money" options and was aware it was required to record compensation  
19 expenses for these options, yet it failed to do so. Maxim materially understated its expenses and  
20 overstated its net income in the financial statements included in its annual reports by more than 10%  
21 for its fiscal years 2003 through 2005.

22 41. Maxim also filed with the Commission quarterly reports on Form 10-Q for the quarters  
23 ended September 28, 2002 (filed November 8, 2002), December 28, 2002 (filed February 11, 2003),  
24 March 29, 2003 (filed May 12, 2003), September 27, 2003 (filed November 6, 2003), December 27,  
25 2003 (filed February 5, 2004), March 27, 2004 (filed May 6, 2004), September 25, 2004 (filed  
26 November 4, 2004), December 25, 2004 (filed February 3, 2004), and March 26, 2005 (filed May 5,  
27 2005), which contained Maxim's quarterly financial statements. These financial statements were  
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1 materially false or misleading because Maxim failed to record in its quarterly financial statements  
2 compensation expenses associated with "in-the-money" options.

3 42. Both Gifford and Maxim's CFO reviewed the above Forms 10-Q before they were  
4 filed with the Commission. Additionally, for the quarters ended September 28, 2002, December 28,  
5 2002, and March 29, 2003, they certified that the quarterly reports fairly presented Maxim's financial  
6 condition and results of operation. For the quarter ended September 27, 2003 through the quarter  
7 ended March 26, 2005, they certified that they had reviewed the quarterly reports and that they were  
8 not aware of any material misstatements of fact or omissions in those reports.

9 43. In addition, Maxim filed with the Commission current reports on Form 8-K on April  
10 29, 2003, August 12, 2003, October 28, 2003, February 5, 2004, April 27, 2004, August 6, 2004,  
11 November 1, 2004, February 1, 2005, and May 3, 2005, each of which announced the Company's  
12 financial results for the prior quarter. These current reports contained materially false and misleading  
13 financial information because Maxim failed to record compensation expenses associated with  
14 undisclosed grants of "in-the-money" stock options.

15 44. Maxim's proxy statements (which were sent to its shareholders) also made materially  
16 false representations about Maxim's stock option grants. Gifford reviewed and edited Maxim's  
17 proxy statements before they were filed with the Commission. In Maxim's proxy statement filed  
18 August 19, 2004, Gifford signed an introductory letter discussing Maxim's request that its  
19 shareholders approve an additional 13 million shares for its stock option plan. In urging shareholders  
20 to approve the additional shares, the letter stated that Maxim's stock option plan was "managed for  
21 the best interests of the stockholders," in part because "all of Maxim's options are granted at fair  
22 market value." These statements were repeated elsewhere in the proxy statement.

23 45. In Maxim's proxy statement filed October 7, 2005, Gifford signed an introductory  
24 letter discussing Maxim's request that its shareholders authorize an additional 10.8 million shares for  
25 its option plan. In urging shareholders to approve the additional shares, the letter similarly stated that  
26 Maxim's stock option plan was "managed for the best interests of the stockholders" in part because  
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1 "Maxim's stock options have always been granted with an exercise price equal to the fair market  
2 value of Maxim's stock." These statements were repeated elsewhere in the proxy statement.

3 46. Maxim also sold securities pursuant to offering documents, including registration  
4 statements on Forms S-8, which incorporated Maxim's false and misleading financial statements.  
5 Those Forms S-8 were filed with the Commission on April 12, 2001 (incorporating Maxim's annual  
6 report on Form 10-K for the year ended June 24, 2000, Maxim's quarterly reports on Forms 10-Q for  
7 the quarters ended September 23, 2000 and December 30, 2000, and Maxim's current reports on  
8 Forms 8-K filed on January 30, 2001 and April 11, 2001); February 13, 2003 (incorporating Maxim's  
9 annual report on Form 10-K for the year ended June 29, 2002 and Maxim's quarterly reports on  
10 Forms 10-Q for the quarters ended September 28, 2002 and December 28, 2002); and April 24, 2005  
11 (incorporating Maxim's annual report on Form 10-K for the year ended June 26, 2004, Maxim's  
12 quarterly reports on Forms 10-Q for the quarterly periods ended September 25, 2004 and December  
13 25, 2004, Maxim's current report on Form 8-K filed December 20, 2004, and Maxim's proxy  
14 statements filed August 19, 2004 and October 18, 2004). Both Gifford and Maxim's CFO signed  
15 these Form S-8s.

16 47. Gifford was aware that Maxim used hindsight to select grant dates for some options.  
17 He also was aware there were accounting implications for granting in-the-money options. In  
18 connection with at least four backdated option grants, he instructed Maxim executives to record  
19 compensation expenses for "in-the-money" options. Based on these actions, Gifford should have  
20 known that Maxim did not properly account for its resulting stock option compensation expenses in  
21 its financial statements which were included in its Forms 10-K, Forms 10-Q, Forms 8-K, and Forms  
22 S-8. Gifford also should have known that Maxim did not accurately describe its stock option grants  
23 in its proxy statements and annual reports on Forms 10-K.

24 48. Maxim was aware that it used hindsight to select grant dates for options. Maxim also  
25 was aware of the accounting implications of granting in-the-money options. Maxim knew, or was  
26 reckless in not knowing, that its annual reports on Forms 10-K, quarterly reports on Form 10-Q,  
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1 Forms 8-K, Forms S-8, and proxy statements contained false and misleading statements and  
2 omissions regarding Maxim's stock option grants.

3 49. Maxim provided documentation, which failed to disclose the true grant dates for  
4 options to employees and outside directors, to the Company's external auditors in connection with  
5 audits of Maxim's financial statements.

6 50. In June 2006, the Special Committee of Maxim's Board began to investigate the  
7 Company's historical option granting practices. As a result of the Special Committee investigation,  
8 Maxim in January 2007 announced that it believed the accounting adjustments needed to properly  
9 record expenses for options granted to employees and outside directors were material and that it  
10 expected to restate its financial statements for Maxim's fiscal years 2000 through 2005 and the  
11 related interim periods through March 25, 2006. Maxim also warned that its financial statements,  
12 related reports, and all earnings press releases and similar communications relating to those periods  
13 should not be relied upon. Maxim further announced that the Special Committee found no evidence  
14 that the outside directors engaged in any wrongdoing with respect to Maxim's stock option grants.

15 51. During the relevant period, Gifford received annual bonuses tied in part to the  
16 Company's achievements and reported profitability.

17 **FIRST CLAIM FOR RELIEF**

18 *(Violations of Exchange Act Section 10(b) and Rule 10b-5 Thereunder by Maxim)*

19 52. The Commission realleges and incorporates by reference paragraphs 1 through 51.

20 53. By engaging in the conduct described above, Maxim, directly or indirectly, in  
21 connection with the purchase or sale of securities, by the use of means or instrumentalities of  
22 interstate commerce, or the mails, with scienter:

- 23 a. Employed devices, schemes, or artifices to defraud;
  - 24 b. Made untrue statements of material facts or omitted to state material facts  
25 necessary in order to make the statements made, in the light of the circumstances  
26 under which they were made, not misleading; and
- 27  
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c. Engaged in acts, practices, or courses of business which operated or would operate as a fraud or deceit upon other persons, including purchasers and sellers of securities.

54. By reason of the foregoing, Maxim has violated and, unless restrained and enjoined, will continue to violate Section 10(b) of the Exchange Act [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-5].

#### **SECOND CLAIM FOR RELIEF**

*(Violations of Securities Act Section 17(a)(1) by Maxim)*

55. The Commission realleges and incorporates by reference Paragraphs 1 through 51.

56. By engaging in the conduct described above, Maxim, directly or indirectly, in the offer or sale of securities, by use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, with scienter, employed devices, schemes, or artifices to defraud.

57. By reason of the foregoing, Maxim violated and, unless restrained and enjoined, will continue to violate Section 17(a)(1) of the Securities Act [15 U.S.C. § 77q(a)].

#### **THIRD CLAIM FOR RELIEF**

*(Violations of Securities Act Section 17(a)(2) by Maxim)*

58. The Commission realleges and incorporates by reference Paragraphs 1 through 51.

59. By engaging in the conduct described above, Maxim, directly or indirectly, in the offer or sale of securities, by use of the means or instruments of transportation or communication in interstate commerce or by use of the mails obtained money or property by means of untrue statements of material fact or by omitting to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

60. By reason of the foregoing, Maxim has violated and, unless restrained and enjoined, will continue to violate Section 17(a)(2) of the Securities Act [15 U.S.C. § 77q(a)(2)].

#### **FOURTH CLAIM FOR RELIEF**

*(Violations of Section 17(a)(3) of the Securities Act by Defendants)*

61. The Commission realleges and incorporates by this reference Paragraphs 1 through 51.

62. By engaging in the acts and conduct alleged above, Maxim and Gifford, directly or indirectly, in the offer or sale of securities, by use of the means or instruments of transportation or communication in interstate commerce or by use of the mails, engaged in transactions, practices, or courses of business which operated or would operate as a fraud or deceit upon the purchasers.

63. By reason of the foregoing, Maxim and Gifford have violated and, unless restrained and enjoined, will continue to violate Section 17(a)(3) of the Securities Act [15 U.S.C. § 77q(a)(3)].

#### **FIFTH CLAIM FOR RELIEF**

*(False Periodic Reports – Violations of and Aiding and Abetting Violations of Exchange Act Section 13(a) and Rules 12b-20, 13a-1, 13a-11, and 13a-13 Thereunder by Defendants)*

64. The Commission realleges and incorporates by reference Paragraphs 1 through 51.

65. Based on the conduct alleged above, Maxim violated Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Rules 12b-20, 13a-1, 13a-11, and 13a-13 thereunder [17 C.F.R. §§ 240.12b-20, 240.13a-1, 240.13a-11, and 240.13a-13], which obligate issuers of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78f] to file with the Commission accurate periodic reports, including annual, current, and quarterly reports. Unless restrained and enjoined, Maxim will continue to violate Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Rules 12b-20, 13a-1, 13a-11, and 13a-13 thereunder [17 C.F.R. §§ 240.12b-20, 240.13a-1, 240.13a-11, and 240.13a-13].

66. By engaging in the acts and conduct alleged above, Gifford knowingly provided substantial assistance to Maxim's filing of materially false and misleading reports with the Commission.

67. By reason of the foregoing, Gifford aided and abetted Maxim's violations of Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Rules 12b-20, 13a-1, 13a-11, and 13a-13 [17 C.F.R. §§ 240.12b-20, 240.13a-1, 240.13a-11, and 240.13a-13] thereunder. Unless restrained and enjoined, Gifford will continue to aid and abet such violations.

#### **SIXTH CLAIM FOR RELIEF**

*(False Books and Records – Violations of and Aiding and Abetting Violations of Exchange Act Section 13(b)(2)(A) by Defendants)*

68. The Commission realleges and incorporates by reference Paragraphs 1 through 51.

69. Based on the conduct alleged above, Maxim violated Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)], which obligates issuers of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] to make and keep books, records and accounts which, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the issuer. Unless restrained and enjoined, Maxim will continue to violate Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)].

70. By engaging in the acts and conduct alleged above, Gifford knowingly provided substantial assistance to Maxim's failure to make and keep books, records, and accounts which, in reasonable detail, accurately and fairly reflect its transactions and dispositions of its assets.

71. By reason of the foregoing, Gifford has aided and abetted violations by Maxim of Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)]. Unless restrained and enjoined, Gifford will continue to aid and abet such violations.

#### **SEVENTH CLAIM FOR RELIEF**

*(Inadequate Internal Accounting Controls—Violations of and Aiding and Abetting Violations of Section 13(b)(2)(B) of the Exchange Act by Defendants)*

72. The Commission realleges and incorporates by this reference Paragraphs 1 through 51.

73. Based on the conduct alleged above, Maxim violated Section 13(b)(2)(B) of the Exchange Act [15 U.S.C. § 78m(b)(2)(B)], which obligates issuers of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] to devise and maintain a sufficient system of internal accounting controls. Unless restrained and enjoined, Maxim will continue to violate Section 13(b)(2)(B) of the Exchange Act [15 U.S.C. § 78m(b)(2)(B)].

74. By engaging in the acts and conduct alleged above, Gifford knowingly provided substantial assistance to Maxim's failure to devise and maintain a sufficient system of internal accounting controls.

75. By reason of the foregoing, Gifford aided and abetted violations by Maxim of Section 13(b)(2)(B) of the Exchange Act [15 U.S.C. § 78m(b)(2)(B)]. Unless restrained and enjoined, Gifford will continue to aid and abet such violations.

#### **EIGHTH CLAIM FOR RELIEF**

*(False Proxy Statements—Violations)*

1 *of Section 14(a) of the Exchange Act and Rule 14a-9 Thereunder by Defendants)*

2 76. The Commission realleges and incorporates by this reference Paragraphs 1 through 51.

3 77. Based on the conduct alleged above, Maxim and Gifford violated Section 14(a) of the  
4 Exchange Act [15 U.S.C. § 78n(a)] and Rule 14a-9 thereunder [17 C.F.R. § 240.14a-9], which  
5 prohibits solicitations by means of a proxy statement, form of proxy, notice of meeting, or other  
6 communication, written or oral, that contains a statement which, at the time and in the light of the  
7 circumstances under which it was made, was false or misleading with respect to any material fact, or  
8 which omits to state any material fact necessary in order to make the statements therein not false or  
9 misleading or necessary to correct any statement in any earlier communication with respect to the  
10 solicitation of a proxy for the same meeting or subject matter which had become false or misleading.

11 78. By reason of the foregoing, Maxim and Gifford violated Section 14(a) of the Exchange  
12 Act [15 U.S.C. § 78n(a)] and Rule 14a-9 [17 C.F.R. § 240.14a-9] thereunder. Unless restrained and  
13 enjoined, Maxim and Gifford will continue to violate Section 14(a) of the Exchange Act [15 U.S.C. §  
14 78n(a)] and Rule 14a-9 [17 C.F.R. § 240.14a-9] thereunder

15 **PRAYER FOR RELIEF**

16 WHEREFORE, the Commission respectfully requests that this Court:

17 I.

18 Permanently enjoin Maxim from directly or indirectly violating Section 17(a) of the Securities  
19 Act [15 U.S.C. § 77q(a)] and Sections 10(b), 13(a), 13(b)(2)(A), 13(b)(2)(B), and 14(a) of the  
20 Exchange Act [15 U.S.C. §§ 78j(b), 78m(a), 78m(b)(2)(A), 78m(b)(2)(B) and 78n(a)], and Rules  
21 10b-5, 12b-20, 13a-1, 13a-11, 13a-13, and 14a-9 [17 C.F.R. §§ 240.10b-5, 240.12b-20, 240.13a-1,  
22 240.13a-11, 240.13a-13, and 240.14a-9] thereunder; and

23 Permanently enjoin Gifford from directly or indirectly violating Section 17(a)(3) of the  
24 Securities Act [15 U.S.C. § 77q(a)(3)] and Section 14(a) of the Exchange Act [15 U.S.C. § 78p(a)],  
25 and Rule 14a-9 thereunder [17 C.F.R. § 240.14a-9], and from aiding and abetting violations of  
26 Sections 13(a), 13(b)(2)(A), and 13(b)(2)(B) of the Exchange Act [15 U.S.C. §§ 78m(a),  
27 78m(b)(2)(A), and 78m(b)(2)(B)] and Rules 12b-20, 13a-1, 13a-11, and 13a-13 [17 C.F.R. §§  
28 240.12b-20, 240.13a-1, 240.13a-11, and 240.13a-13] thereunder.

1 II.

2 Order Gifford to pay disgorgement, including prejudgment interest.

3 III.

4 Order Gifford to pay a civil penalty pursuant to Section 20(d) of the Securities Act [15 U.S.C.  
5 § 77t(d)] and Section 21(d) of the Exchange Act [15 U.S.C. § 78u(d)].

6 IV.

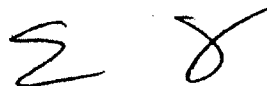
7 Retain jurisdiction of this action in accordance with the principles of equity and the Federal  
8 Rules of Civil Procedure in order to implement and carry out the terms of all orders and decrees that  
9 may be entered, or to entertain any suitable application or motion for additional relief within the  
10 jurisdiction of this Court.

11 V.

12 Grant such other and further relief as this Court may determine to be just and necessary.

13  
14 DATED: December 4, 2007

Respectfully Submitted,

15  
16 

17 Erin E. Schneider  
18 Attorney for Plaintiff  
19 SECURITIES AND EXCHANGE COMMISSION  
20  
21  
22  
23  
24  
25  
26  
27  
28

## **EXHIBIT B**

1 HELANE L. MORRISON (Cal. Bar No. 127752)  
2 MARC J. FAGEL (Cal. Bar No. 154425)  
3 CARY S. ROBNETT (Cal. Bar No. 160585)  
4 ROBERT S. LEACH (Cal. Bar No. 196191)  
leachr@sec.gov  
5 ERIN E. SCHNEIDER (Cal. Bar No. 216114)  
schneidere@sec.gov

6 Attorneys for Plaintiff  
7 SECURITIES AND EXCHANGE COMMISSION  
8 44 Montgomery Street, Suite 2600  
9 San Francisco, California 941 04  
10 Telephone: (415) 705-2500  
11 Facsimile: (415) 705-2501

12 UNITED STATES DISTRICT COURT  
13 NORTHERN DISTRICT OF CALIFORNIA  
14 SAN JOSE DIVISION

15 SECURITIES AND EXCHANGE  
16 COMMISSION,

17 Plaintiff,

18 vs.

19 JOHN F. GIFFORD,

20 Defendant.

E-filing

RMW  
RS

CV 07

6121

[PROPOSED] FINAL JUDGMENT AS TO  
DEFENDANT JOHN F. GIFFORD

21 [PROPOSED] FINAL JUDGMENT AS TO DEFENDANT JOHN F. GIFFORD

22 The Securities and Exchange Commission having filed a Complaint and Defendant  
23 John F. Gifford having entered a general appearance; consented to the Court's jurisdiction over  
24 Defendant and the subject matter of this action; consented to entry of this Final Judgment without  
25 admitting or denying the allegations of the Complaint (except as to jurisdiction); waived findings  
26 of fact and conclusions of law; and waived any right to appeal from this Final Judgment:

27 I.

28 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant and  
Defendant's agents, servants, employees, attorneys, and all persons in active concert or  
participation with them who receive actual notice of this Final Judgment by personal service or  
otherwise are permanently restrained and enjoined from violating Section 17(a)(3) of the

1 Securities Act of 1933 (the "Securities Act") [15 U.S.C. § 77q(a)(3)] in the offer or sale of any  
2 security by the use of any means or instruments of transportation or communication in interstate  
3 commerce or by use of the mails, directly or indirectly to engage in any transaction, practice, or  
4 course of business which operates or would operate as a fraud or deceit upon the purchaser.

5 II.

6 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant and  
7 Defendant's agents, servants, employees, attorneys, and all persons in active concert or  
8 participation with any of them, who receive actual notice of this Final Judgment, by personal  
9 service or otherwise, and each of them, are permanently enjoined and restrained from aiding and  
10 abetting any violation of Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and Rules  
11 12b-20, 13a-1, 13a-11, and 13a-13 promulgated thereunder [17 C.F.R. §§ 240.12b-20, 240.13a-1,  
12 240.13a-11, and 240.13a-13] by knowingly providing substantial assistance to an issuer which has  
13 a class of securities registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78f] or  
14 Section 15(d) of the Exchange Act [15 U.S.C. § 78o] in failing to file with the Commission such  
15 accurate and complete information, reports, and documents as are required to be filed with the  
16 Commission pursuant to Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and the  
17 Commission's rules thereunder, including but not limited to, quarterly reports on Form 10-Q  
18 [17 C.F.R. § 249.308] as prescribed by Commission Rule 13a-1 [17 C.F.R. § 240.13a-13], current  
19 reports on Form 8-K [17 C.F.R. § 249.308] as prescribed by Commission Rule 13a-11 [17 C.F.R.  
20 § 240.13a-11], and annual reports on Form 10-K [17 C.F.R. § 249.308] as prescribed by  
21 Commission Rule 13a-1 [17 C.F.R. § 240.13a-1], such information and documents to contain, in  
22 addition to such information as is expressly required to be included in a statement or report to the  
23 Commission, such further material information, if any, as may be necessary to make the required  
24 statements, in the light of the circumstances under which they are made, not misleading, as  
25 prescribed by Commission Rule 12b-20 [17 C.F.R. § 240.12b-20].

26 III.

27 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant and  
28 Defendant's agents, servants, employees, attorneys, and all persons in active concert or

1 participation with any of them, who receive actual notice of this Final Judgment, by personal  
2 service or otherwise, and each of them, are permanently enjoined and restrained from aiding and  
3 abetting any violation of Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. § 78m(b)(2)(A)] by  
4 knowingly providing substantial assistance to any issuer which has a class of securities registered  
5 pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or Section 15(d) of the Exchange  
6 Act [15 U.S.C. § 78o] in failing to make or keep books, records or accounts, which, in reasonable  
7 detail, accurately and fairly reflect the transactions and dispositions of the assets of the issuer.

8 IV.

9 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant and  
10 Defendant's agents, servants, employees, attorneys, and all persons in active concert or  
11 participation with any of them, who receive actual notice of this Final Judgment, by personal  
12 service or otherwise, and each of them, are permanently enjoined and restrained from aiding and  
13 abetting any violation of Section 13(b)(2)(B) of the Exchange Act [15 U.S.C. § 78m(b)(2)(B)] by  
14 knowingly providing substantial assistance to any issuer which has a class of securities registered  
15 pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78l] or Section 15(d) of the Exchange  
16 Act [15 U.S.C. § 78o] in failing to devise and maintain a system of internal accounting controls  
17 sufficient to provide reasonable assurances that:

18 A. transactions are executed in accordance with management's general or specific  
19 authorization;

20 B. transactions are recorded as necessary (i) to permit preparation of financial  
21 statements in conformity with generally accepted accounting principles or any other criteria  
22 applicable to such statements, and (ii) to maintain accountability for assets;

23 C. access to assets is permitted only in accordance with management's general or  
24 specific authorization; and

25 D. the recorded accountability for assets is compared with the existing assets at  
26 reasonable intervals and appropriate action is taken with respect to any differences.  
27  
28

## V.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant's agents, servants, employees, attorneys, and all persons in active concert or participation with any of them, who receive actual notice of this Final Judgment, by personal service or otherwise, and each of them, are permanently restrained and enjoined from violating Section 14(a) of the Exchange Act [15 U.S.C. § 78n(a)] and Rule 14a-9 promulgated thereunder [17 C.F.R. § 240.14a-9] by making or causing to be made solicitations by means of a proxy statement, form of proxy, notice of meeting, or other communication, written or oral, containing a statement which, at the time and in the light of the circumstances under which it was made, was false or misleading with respect to any material fact, or which omitted to state any material fact necessary in order to make the statements therein not false or misleading or necessary to correct any statement in any earlier communication with respect to the solicitation of a proxy for the same meeting or subject matter which has become false or misleading.

## VI.

IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant is liable for disgorgement of \$536,692, representing profits gained as a result of the conduct alleged in the Complaint, together with prejudgment interest thereon in the amount of \$115,989. Defendant shall satisfy this obligation by paying \$652,681 within ten (10) business days after entry of this Final Judgment by certified check, bank cashier's check, or United States postal money order payable to the Securities and Exchange Commission. The payment shall be delivered or mailed to the Office of Financial Management, Securities and Exchange Commission, Operations Center, 6432 General Green Way, Mail Stop 0-3, Alexandria, Virginia, 22312, and shall be accompanied by a letter identifying John F. Gifford as a defendant in this action; setting forth the title and civil action number of this action and the name of this Court; and specifying that payment is made pursuant to this Final Judgment. Defendant shall simultaneously transmit photocopies of such payment and letter to the attention of Marc J. Fagel, Associate Regional Director, San Francisco Regional Office. United States Securities and Exchange Commission, 44 Montgomery Street, Suite 2600, San Francisco, California, 94104. Defendant shall pay post-judgment interest on any

1 delinquent amounts pursuant to 28 U.S.C. § 1961. The Commission shall remit the funds paid  
2 pursuant to this paragraph to the United States Treasury.

3 VII.

4 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that Defendant shall pay a  
5 civil penalty in the amount of \$150,000 pursuant to Section 20(d) of the Securities Act and  
6 Section 21 (a) of the Exchange Act. Defendant shall make this payment within ten (10) business  
7 days after entry of this Final Judgment by certified check, bank cashier's check, or United States  
8 postal money order payable to the Securities and Exchange Commission. The payment shall be  
9 delivered or mailed to the Office of Financial Management, Securities and Exchange Commission,  
10 Operations Center, 6432 General Green Way, Mail Stop 0-3, Alexandria, Virginia, 22312, and  
11 shall be accompanied by a letter identifying John. F. Gifford as a defendant in this action; setting  
12 forth the title and civil action number of this action and the name of this Court; and specifying that  
13 payment is made pursuant to this Final Judgment. A copy of the cover letter and money order or  
14 check shall be sent to Marc J. Fagel, Associate Regional Director, San Francisco Regional Office,  
15 United States Securities and Exchange Commission, 44 Montgomery Street, Suite 2600,  
16 San Francisco, California 94104. Defendant shall pay post-judgment interest on any delinquent  
17 amounts pursuant to 28 USC § 1961. The Commission shall remit the funds paid pursuant to this  
18 paragraph to the United States Treasury.

19 VIII.

20 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Consent is  
21 incorporated herein with the same force and effect as if fully set forth herein, and that Defendant  
22 shall comply with all of the undertakings and agreements set forth therein.

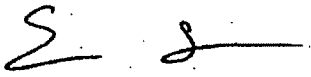
23 IX.

24 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain  
25 jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment.

26 X.

27 There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil  
28 Procedure, the Clerk is ordered to enter this Final Judgment forthwith and without further notice.

1 PRESENTED BY:

2 

3 Helene L. Morrison /s/

4 Marc J. Faget

5 Cary S. Robnett

6 Robert S. Leach

7 Erin E. Schneider

8 Attorneys for Plaintiff

9 SECURITIES AND EXCHANGE COMMISSION

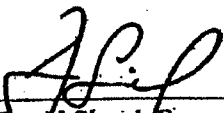
10 44 Montgomery Street, Suite 2600

11 San Francisco, California 94104

12 Telephone: (415) 705-2500

13 Fax: (415) 705-2501

14 APPROVED AS TO FORM:

15 

16 David Siegel, Esq.

17 Irell & Manella LLP

18 1800 Ave of the Stars, Suite 900

19 Los Angeles, CA 90067

20 Telephone: (310) 277-1010

21 Fax: (310) 203-7199

22 ATTORNEY FOR DEFENDANT JOHN F. GIFFORD

23 Dated this 23 day of January, 2007

Ronald M. White  
UNITED STATES DISTRICT JUDGE

## **EXHIBIT C**

1 HEILANE L. MORRISON (Cal. Bar No. 127752)  
2 MARC J. FAGEL (Cal. Bar No. 154425)  
3 CARY S. ROBBETT (Cal. Bar No. 160585)  
4 ROBERT S. LEACH (Cal. Bar No. 196191)  
leachr@sec.gov  
5 ERIN E. SCHNEIDER (Cal. Bar No. 216114)  
schneidere@sec.gov  
6 Attorneys for Plaintiff  
7 SECURITIES AND EXCHANGE COMMISSION  
8 44 Montgomery Street, Suite 2600  
San Francisco, California 94104  
9 Telephone: (415) 705-2500  
10 Facsimile: (415) 705-2501

11 UNITED STATES DISTRICT COURT  
12 NORTHERN DISTRICT OF CALIFORNIA  
13 SAN JOSE DIVISION

14 SECURITIES AND EXCHANGE COMMISSION,  
15 Plaintiff,  
16 vs.  
17 MAXIM INTEGRATED PRODUCTS, INC.,  
18 Defendant.

Case No. **CV 07**

**[PROPOSED] FINAL JUDGMENT AS TO  
DEFENDANT MAXIM INTEGRATED  
PRODUCTS, INC.**

19  
20 **[PROPOSED] FINAL JUDGMENT AS TO DEFENDANT MAXIM INTEGRATED  
21 PRODUCTS, INC.**

22 The Securities and Exchange Commission having filed a Complaint and Defendant Maxim  
23 Integrated Products, Inc. having entered a general appearance; consented to the Court's jurisdiction  
24 over Defendant and the subject matter of this action; consented to entry of this Final Judgment  
25 without admitting or denying the allegations of the Complaint (except as to jurisdiction); waived  
26 findings of fact and conclusions of law; and waived any right to appeal from this Final Judgment:

27 I.  
28

**FINAL JUDGMENT OF MAXIM INTEGRATED  
PRODUCTS, INC.**

**RECEIVED**  
07 DEC -4 AM 9:30  
RICHARD W. WIEKING  
CLERK, U.S. DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
**FILED**

**E-filing**

**JAN 23 2008**  
RICHARD W. WIEKING  
CLERK, U.S. DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
SAN JOSE

**RMW  
RS**

**6121**

1 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant's  
2 agents, servants, employees, attorneys, and all persons in active concert or participation with them  
3 who receive actual notice of this Final Judgment by personal service or otherwise are permanently  
4 enjoined and restrained from, directly or indirectly, violating Section 17(a) of the Securities Act of  
5 1933 ("Securities Act"). [15 U.S.C. § 77q(a)] by:

- 6 1. employing any device, scheme, or artifice to defraud;
- 7 2. obtaining money or property by means of any untrue statement of a material fact or any  
8 omission to state a material fact necessary in order to make the statements made, in light  
9 of the circumstances under which they were made, not misleading; or
- 10 3. engaging in any transaction, practice, or course of business which operates or would  
11 operate as a fraud or deceit upon the purchaser,

12 in the offer or sale of any securities by the use of any means or instruments of transportation or  
13 communication in interstate commerce, or by use of the mails.

14 II.

15 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant's  
16 agents, servants, employees, attorneys, and all persons in active concert or participation with them  
17 who receive actual notice of this Final Judgment by personal service or otherwise are permanently  
18 enjoined and restrained from, directly or indirectly, violating Section 10(b) of the Securities  
19 Exchange Act of 1934 ("Exchange Act") [15 U.S.C. § 78j(b)] and Rule 10b-5 [17 C.F.R. § 240.10b-  
20 5] thereunder by:

- 21 1. employing any device, scheme, or artifice to defraud;
- 22 2. making any untrue statement of a material fact or omitting to state a material fact  
23 necessary in order to make the statements made, in the light of the circumstances  
24 under which they were made, not misleading; or
- 25 3. engaging in any act, practice, or course of business which operates or would operate as  
26 a fraud or deceit upon any person,

1 in connection with the purchase or sale of the securities of any issuer, by the use of any means or  
2 instrumentality of interstate commerce, or of the mails, or of any facility of any national securities  
3 exchange.

4 III.

5 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant's  
6 agents, servants, employees, attorneys, and all persons in active concert or participation with them  
7 who receive actual notice of this Final Judgment by personal service or otherwise are permanently  
8 enjoined and restrained from violating Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and  
9 Rules 12b-20, 13a-1, 13a-11, and 13a-13 promulgated thereunder [17 C.F.R. §§ 240.12b-20, 240.13a-  
10 1, 240.13a-11, and 240.13a-13] by failing, with respect to any issuer which has a class of securities  
11 registered pursuant to Section 12 of the Exchange Act [15 U.S.C. § 78f] or Section 15(d) of the  
12 Exchange Act [15 U.S.C. § 78o], to file with the Commission such accurate and complete  
13 information, reports, and documents as are required to be filed with the Commission pursuant to  
14 Section 13(a) of the Exchange Act [15 U.S.C. § 78m(a)] and the Commission's rules thereunder,  
15 including but not limited to, quarterly reports on Form 10-Q [17 C.F.R. § 249.308a] as prescribed by  
16 Commission Rule 13a-13 [17 C.F.R. § 240.13a-13], current reports on Form 8-K [17 C.F.R. §  
17 249.308] as prescribed by Commission Rule 13a-11 [17 C.F.R. § 240.13a-11], and annual reports on  
18 Form 10-K [17 C.F.R. § 249.308] as prescribed by Commission Rule 13a-1 [17 C.F.R. § 240.13a-1],  
19 such information and documents to contain, in addition to such information as is expressly required  
20 to be included in a statement or report to the Commission, such further material information, if any,  
21 as may be necessary to make the required statements, in the light of the circumstances under which  
22 they are made, not misleading, as prescribed by Commission Rule 12b-20 [17 C.F.R. § 240.12b-20].

23 IV.

24 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant's  
25 agents, servants, employees, attorneys, and all persons in active concert or participation with them  
26 who receive actual notice of this Final Judgment by personal service or otherwise are permanently  
27 enjoined and restrained from violating Section 13(b)(2)(A) of the Exchange Act [15 U.S.C. §  
28 78m(b)(2)(A)] by failing, with respect to any issuer which has a class of securities registered pursuant

1 to Section 12 of the Exchange Act [15 U.S.C. § 78J] or Section 15(d) of the Exchange Act [15 U.S.C.  
2 § 78o], to make or keep books, records or accounts, which, in reasonable detail, accurately and fairly  
3 reflect the transactions and dispositions of the assets of the issuer.

4 V.

5 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant's  
6 agents, servants, employees, attorneys, and all persons in active concert or participation with them  
7 who receive actual notice of this Final Judgment by personal service or otherwise are permanently  
8 enjoined and restrained from violating Section 13(b)(2)(B) of the Exchange Act [15 U.S.C. §  
9 78m(b)(2)(B)] by failing, with respect to any issuer which has a class of securities registered pursuant  
10 to Section 12 of the Exchange Act [15 U.S.C. § 78J] or Section 15(d) of the Exchange Act [15 U.S.C.  
11 § 78o], to devise and maintain a system of internal accounting controls sufficient to provide  
12 reasonable assurances that:

13 A. transactions are executed in accordance with management's general or specific  
14 authorization;

15 B. transactions are recorded as necessary (i) to permit preparation of financial  
16 statements in conformity with generally accepted accounting principles or any other criteria  
17 applicable to such statements, and (ii) to maintain accountability for assets;

18 C. access to assets is permitted only in accordance with management's general or  
19 specific authorization; and

20 D. the recorded accountability for assets is compared with the existing assets at  
21 reasonable intervals and appropriate action is taken with respect to any differences.

22 VI.

23 IT IS HEREBY ORDERED, ADJUDGED, AND DECREED that Defendant and Defendant's  
24 agents, servants, employees, attorneys, and all persons in active concert or participation with them  
25 who receive actual notice of this Final Judgment by personal service or otherwise are permanently  
26 restrained and enjoined from violating Section 14(a) of the Exchange Act [15 U.S.C. § 78n(a)] and  
27 Rule 14a-9 promulgated thereunder [17 C.F.R. § 240.14a-9] by making or causing to be made  
28 solicitations by means of a proxy statement, form of proxy, notice of meeting, or other

1 communication, written or oral, containing a statement which, at the time and in the light of the  
2 circumstances under which it was made, was false or misleading with respect to any material fact, or  
3 which omitted to state any material fact necessary in order to make the statements therein not false or  
4 misleading or necessary to correct any statement in any earlier communication with respect to the  
5 solicitation of a proxy for the same meeting or subject matter which has become false or misleading.

6 VII.

7 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that the Consent is  
8 incorporated herein with the same force and effect as if fully set forth herein, and that Defendant shall  
9 comply with all of the undertakings and agreements set forth therein.


10 VIII.

11 IT IS FURTHER ORDERED, ADJUDGED, AND DECREED that this Court shall retain  
12 jurisdiction of this matter for the purposes of enforcing the terms of this Final Judgment.

13 IX.


14 There being no just reason for delay, pursuant to Rule 54(b) of the Federal Rules of Civil  
15 Procedure, the Clerk is ordered to enter this Final Judgment forthwith and without further notice.

16  
17 PRESENTED BY:

18   
19 Helene E. Morrison /s/  
20 Maro J. Fagel  
21 Cary S. Robnett  
22 Robert S. Leach  
23 Erin E. Schneider

24 Attorneys for Plaintiff  
25 SECURITIES AND EXCHANGE COMMISSION  
26 44 Montgomery Street, Suite 2600  
27 San Francisco, California 94104  
28 Telephone: (415) 705-2500  
Fax: (415) 705-2501

1 APPROVED AS TO FORM:

2  
3  
4   
5 John Potter, Esq.  
6 Quinn Emanuel Urquhart Oliver & Hedges, LLP  
7 50 California Street, 22<sup>nd</sup> Floor  
8 San Francisco, California 94111  
9 Telephone: 415.875.6600  
10 ATTORNEY FOR DEFENDANT MAXIM INTEGRATED PRODUCTS, INC.

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Dated this 23 day of January, 2007

  
UNITED STATES DISTRICT JUDGE

## **EXHIBIT D**

## ***Press Information***

FOR IMMEDIATE RELEASE  
PINK SHEETS SYMBOL MXIM

Contact: Paresh Maniar  
Executive Director, Investor Relations  
(408) 470-5348

### **MAXIM PROVIDES UPDATE ON ITS RESTATEMENT**

SUNNYVALE, CA–January 17, 2008–Maxim Integrated Products, Inc., (Pink Sheets: MXIM) issued the following statement today.

On January 31, 2007, Maxim Integrated Products, Inc. announced that it would need to restate certain historical financial statements to record additional stock-based compensation charges and that such financial statements should no longer be relied upon. At this time, Maxim expects to restate its financial statements from Fiscal 1997 through Fiscal 2005 and the related interim periods through March 25, 2006, and to record additional non-cash compensation expense during Fiscal 1997 through Fiscal 2006 in the estimated range of \$550 to \$650 million on a pre-tax basis and \$360 to \$425 million on an after-tax basis.

Maxim also announced that its estimated completion date of the restatement will be delayed from the first calendar quarter of 2008. The Company recently determined that the scope of the project must expand to include a review of stock options granted in years 1995 and 1996, and to conduct further analysis of certain aspects of stock option activity such as employees who either terminated their employ or changed their employment status. Based on these new requirements and the overall complexity of the project, Maxim currently estimates that the restatement will be completed in June 2008, but it cannot give assurances that it will meet this targeted completion date.

- more -

The Company remains committed to working diligently with Deloitte & Touche LLP, its independent auditors, and Ernst & Young LLP, its former independent auditors, to complete the restatement and become current with its public filings as soon as possible.

**Cautionary Note Regarding Forward-Looking Statements**

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, including the statements concerning the scope and timing of its restatement activities; that the Company expects it will restate its financial statements from Fiscal 1997 through Fiscal 2005 and the related interim periods through March 25, 2006; that, for such period, the Company expects to record additional non-cash compensation expense, on a pre-tax basis, of between \$550 to \$650 million and, on an after-tax basis, of between \$360 to \$425 million; that the Company is working with independent auditors to complete its restatement and become current with its public filings as soon as possible; and that it estimates the review will be completed in June 2008. Actual results and outcomes could differ significantly from our current expectations due to a range of factors, including a change in the required scope of the restatement activities, the discovery of additional information relevant to the restatement, the application of accounting or tax principles in an unanticipated manner, and an unanticipated delay in the completion of the restatement or the preparation and filing of the Company's required reports with the SEC. For additional factors and risks, please refer to our SEC filings, including our Annual Report on Form 10-K for the fiscal year ended June 25, 2005, our Quarterly Report on Form 10-Q for the quarter ended March 25, 2006, as well as similar disclosures in subsequent SEC filings.

Maxim Integrated Products is a leading international supplier of quality analog and mixed-signal products for applications that require real-world signal processing.

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## **EXHIBIT E**



[Home](#) | [Previous Page](#)

U.S. Securities and Exchange Commission

## **SEC Sues Maxim Integrated Products and Former Senior Officers in Stock Option Backdating Scheme**

**Former CEO Agrees to Pay \$800,000**

**FOR IMMEDIATE RELEASE  
2007-250**

*Washington, D.C., Dec. 4, 2007* - The Securities and Exchange Commission today filed civil charges against Maxim Integrated Products, Inc., a Silicon Valley semiconductor company, and the company's former CEO and CFO, alleging that they reported false financial information to investors by improperly backdating stock option grants to Maxim employees and directors.

Linda Chatman Thomsen, the SEC's Director of Enforcement, stated, "Maxim's seeming ability to pick favorable grant dates for its employees was too good to be true — in ten consecutive quarters, Maxim granted options on the date with the lowest stock price of the quarter. In reality, Maxim selected these supposed grant dates with the benefit of hindsight, allowing it to hide millions of dollars in expenses from shareholders."

Marc J. Fagel, Co-Acting Regional Director of the SEC's San Francisco Regional Office, added, "Of particular concern here was the CFO's abandoning his role as corporate gatekeeper and instead facilitating Maxim's misrepresentations about its stock option program and financial condition."

The Commission alleges that former CFO Carl W. Jasper, of San Jose, Calif., helped the company fraudulently conceal tens of millions of dollars in compensation expenses through the use of backdated, "in-the-money" option grants. In a separate action, former President, CEO, and Chairman of the Board John F. Gifford, of Menlo Park, Calif., agreed to pay more than \$800,000 in disgorgement, interest, and penalties to settle charges relating to his role in the options backdating. Maxim similarly has agreed to settle the Commission's charges against it.

The Commission's complaints, filed in federal district court in San Jose, allege that Maxim routinely provided potentially lucrative in-the-money options (i.e., options granted at below market prices) to employees. Under well-settled accounting principles, granting in-the-money options obligated the company to report compensation expenses to shareholders. The Commission alleges that Maxim avoided reporting these expenses by backdating paperwork to make it appear that the options had been granted on an earlier date. As a result, the company overstated its net income by more than 10% for its fiscal years 2003 through 2005.

The Commission's complaints also allege that former CFO Jasper was aware of the improper backdating practices, drafted backdated grant approval documents for Maxim's CEO to sign, and disregarded instructions from CEO Gifford to record an expense in connection with certain backdated options. According to the Commission, Gifford should have known that the company was not reporting expenses for those in-the-money stock options and instead was falsely reporting that they were granted at fair market value.

Maxim, without admitting or denying the Commission's allegations, consented to a permanent injunction against violations of the antifraud and other provisions of the federal securities laws. Gifford, also without admitting or denying the allegations, agreed to a permanent injunction against further violations of certain provisions of the federal securities laws and also agreed to disgorge a portion of his bonuses (totaling \$652,681 with prejudgment interest) and pay a \$150,000 civil penalty.

The Commission's litigated action against Jasper charges him with violating the antifraud and other provisions of the federal securities laws. The Commission seeks injunctive relief, disgorgement of wrongful profits, a civil penalty, and an order barring him from acting as an officer or director of a public company.

# # #

For more information, contact:

Marc J. Fagel  
Co-Acting Regional Director  
(415) 705-2449

Cary S. Robnett  
Assistant Regional Director  
(415) 705-2335

United States Securities and Exchange Commission  
San Francisco Regional Office

► Additional materials: [Litigation Release No. 20381](#)

<http://www.sec.gov/news/press/2007/2007-250.htm>